

## **Fact Sheet on CBO Cost Estimate of Potential Military Conflict With Iraq October 1, 2002**

### **Overview**

Estimating the cost of a still undefined and undeclared war with Iraq is a difficult undertaking to say the least. As the Congressional Budget Office (CBO) acknowledges, its study does not provide a total cost of war and its implications. The CBO estimate was not designed to be a comprehensive analysis and does not include the costs of a variety of factors, including humanitarian assistance and reconstruction obligations. Furthermore, because CBO did not want to speculate about how long combat or subsequent occupation of Iraq would last, it does not even provide a total for the costs it does estimate.

Nonetheless, CBO's estimate makes clear that depending on the duration and type of combat operations, and the presence, duration and size of the peacekeeping force, costs could be substantial. For example, according to CBO's estimates, the cost would be \$21 billion for a one-month heavy air war with no occupation and would total \$272 billion for three months of combat with a heavy ground force and a five year occupation by a large U.S. force.

Reconstruction, economic impacts, and other indirect expenses and implications of war – which are not included in CBO's estimates – could drive the cost considerably higher. In the end, based on CBO's analysis, military operations in Iraq could well incur costs in the \$100 billion to \$200 billion range suggested by White House economic advisor Larry Lindsey earlier this month.

### **Military Operations Alone Could Cost More Than \$272 Billion**

Because CBO makes no assumptions about how long combat would last, whether we will occupy Iraq, or for how long, arriving at a range of total military costs requires adding together the possible incremental costs that CBO has estimated. Below are estimates showing costs based on CBO numbers in billions of 2003 dollars for two illustrative scenarios.

	<b>Deploy</b>	<b>War (1<sup>st</sup> month)</b>	<b>War (more months)</b>	<b>Redeploy</b>	<b>Occupation</b>	<b>TOTAL</b>
<b>Heavy Ground option, 3 months combat, 5 yrs large occupation force</b>	12.5	9.2	15.0	7.3	228.0	<b>272.0</b>
<b>Heavy Air option, 1 month combat and no occupation</b>	8.8	7.6	0.0	4.8	0.0	<b>21.2</b>

### **Anatomy of the CBO Estimate**

The CBO estimate does not include a single number or even a single range of numbers for military operations spanning deployment, combat, redeployment to home bases, and peacekeeping/occupation. The CBO estimate also does not quantify probable non-military externalities and ramifications, such as reconstruction, humanitarian assistance, inducement to allies, economic effects of higher oil prices, or higher interest on the national debt due to higher deficit spending. Additionally, CBO does not estimate casualties, or factor in the use of weapons of mass destruction by Iraq. Finally, the estimate is based primarily on data from the 1991 Gulf

War, Bosnia, and Afghanistan, in addition to previous Defense Department estimates of the forces needed for a major war in the Gulf.

CBO's estimate revolves around two "representative examples" – a "heavy ground" force (five Army divisions, a Marine division, 5 1/3 Air Force fighter wings, 72 bombers, 6 Navy and Marine air wings, and 60 ships) and a "heavy air" force (2 1/3 Army divisions, 1/3 of a Marine division, 10 Air Force fighter wings, 72 bombers, 6 Navy and Marine air wings, and 60 ships). CBO assumes that deployment and redeployment will each take three months, but makes no other assumptions about the duration of military operations. Instead, CBO provides an incremental cost estimate for each force for the first month of war, and then for each additional month of combat. Keeping with this "building block" approach, CBO provides monthly price tags for smaller and larger occupation forces (75,000 and 200,000 troops, respectively).

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